

"(II) An amount equal to $2\frac{1}{2}$ percent of the first \$337 (as adjusted after November 1, 1989, under paragraph (4)) of the base amount plus 10 percent of the remainder of the base amount.

"(B) RESERVE-COMPONENT ANNUITY.—If the annuity coverage being provided is a reserve-component annuity, the reduction shall be in whichever of the following amounts is more favorable to that person:

"(i) An amount equal to 6V2 percent of the base amount plus an amount determined in accordance with regulations prescribed by the Secretary of Defense as a premium for the additional coverage provided through reserve-component annuity coverage under the Plan.

"(ii) An amount equal to $2\frac{1}{2}$ percent of the first \$337 (as adjusted after November 1, 1989, under paragraph (4)) of the base amount plus 10 percent of the remainder of the base amount plus an amount determined in accordance with regulations prescribed by the Secretary of Defense as a premium for the additional coverage provided through reserve-component annuity coverage under the Plan.

(b) PERSONS PROVIDING SPOUSE COVERAGE.—Such subsection is further amended by adding at the end the following new paragraph:

"(5) For the purposes of paragraph (1), a participant in the Plan who is providing spouse coverage is a participant who

(A) has (i) a spouse or former spouse, or (ii) a spouse or former spouse and a dependent child; and

"(B) has not elected to provide an annuity to a person designated by him under section 1448(b)(1) of this title or, having made such an election, has changed his election in favor of his spouse under section 1450(f) of this title."

(c) CONFORMING AMENDMENT.—Subsection (a)(4) of such section is amended by striking out "amount under paragraph (1)(A)" in subparagraphs (A) and (B) and inserting in lieu thereof "amounts under paragraph (1)".

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PARTICI-

note.

(1)

shall recom-

pute the SBP premium of persons described in paragraph (2).

(d) RECOMPUTATION OF SBP PREMIUM FOR CURRENT PANTS.

RECOMPUTATION.—The Secretary concerned

Any such recomputation shall take effect on March 1, 1990.

(2) PERSONS COVERED.—A person referred to in paragraph (1) as described in this paragraph is a person who on March 1, 1990—

(3) is entitled to retired pay:

(4) is providing spouse coverage (as described in para-

graph (5) of section 1452 of title 10, United States Code, as added by subsection (b)); and

(5) is subject to an SBP premium in excess of 6Vfe percent.

of the base amount of that person under the Survivor Benefit Plan.

(6) AMOUNT OF RECOMPUTED PREMIUM.—The amount of an

SBP premium recomputed under this subsection shall be 6V2 percent of the base amount under the Survivor Benefit Plan of the person whose premium is recomputed.

(7) SBP PREMIUM DEFINED.—For purposes of this subsection.

the term "SBP premium" means a reduction in retired pay under section 1452 of title 10, United States Code.